

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF THE JOHNS)	CASE NO.
CREEK GAS AND WATER COMPANY)	90-050

O R D E R

Betty Music, also known as Betty Hampton, owns and controls a small gas distribution system which serves seven residents of Mountain Springs Subdivision of Floyd County, Kentucky. Ms. Music acquired the system, which operates under the name "Johns Creek Gas and Water Company," in 1978. The Johns Creek system receives natural gas at wholesale from Columbia Gas of Kentucky, Inc. ("Columbia").

Commission Staff has recently advised the Commission of serious operational and safety problems with the Johns Creek system. Commission Staff alleges, inter alia, that Ms. Music has failed to operate or maintain the Johns Creek system since 1978, that she does not collect or bill for natural gas provided through the Johns Creek system or pay its wholesale supplier for the cost of such gas, and that the system's customers had been forced to assume these responsibilities to ensure a supply of natural gas to their homes. Commission Staff inspection reports reveal a deteriorating and poorly maintained distribution system. A recent inspection discovered exposed plastic pipelines and leaking pipelines repaired with electrical tape -- both violations of Commission Regulation 807 KAR 5:022. Commission Staff contends

that these conditions pose an immediate danger to public safety. See Exhibits 1-3 to this Order.

The customers of the Johns Creek system have also complained to the Commission in writing about the quality of service received and have requested that Columbia be ordered to provide service directly to them. See Exhibits 4-6 to this Order.

Having reviewed the exhibits to this Order, the Commission finds that it constitutes prima facie evidence that Ms. Music is a utility as defined by KRS 278.010(3) and that she has failed to comply with KRS 278.030(2) by failing to provide "adequate, efficient and reasonable service" or, in the alternative, that she has failed to comply with KRS 278.020(4) by abandoning the Johns Creek system without obtaining prior Commission approval. Accordingly, an investigation into these alleged violations should be commenced. Furthermore, such investigation should consider whether the Johns Creek system should be ordered to cease operations for reasons of public safety and Columbia be ordered to provide natural gas service to the system's existing customers.

IT IS THEREFORE ORDERED that:

1. Betty Music shall appear before the Commission on April 25, 1990 at 10:00 a.m., Eastern Daylight Time, in Hearing Room No. 1 in the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, for the purpose of presenting testimony and evidence on the present condition of the Johns Creek system and her efforts to operate and maintain that system, and of showing cause, if any she can, why she should not be subject to the penalties of KRS 278.990 for her alleged failure to comply with KRS 278.020(4) and

278.030(2) and why the Johns Creek system should not be ordered to cease all operations.

2. Ms. Music shall submit within 21 days of the date of this Order a written response to the allegations contained in the Exhibits to this Order.

3. Columbia is hereby made a party to this proceeding and shall appear at the scheduled hearing and present testimony and evidence on the feasibility of extending its service lines to directly serve the Johns Creek system's present customers.

4. Columbia shall submit in writing within 21 days of the date of this Order its position on extending its service lines to provide service to the current customers of the Johns Creek system.

5. A formal conference in this matter shall be held on April 18, 1990 at 10:00 a.m. in Hearing Room No. 2 in the Commission's offices at 677 Commanche Trail, Frankfort, Kentucky, for the purposes of simplifying the issues, agreeing upon the issues of law and upon the issues of fact to be tried, and exploring the possibility of settlement.

6. Notice of this proceeding shall be given to all customers of the Johns Creek system. Any customer who wishes to testify at this hearing shall advise the Commission in writing within 21 days of the date of this Order.

7. All Exhibits attached hereto are hereby made a part of the record of this case.

Done at Frankfort, Kentucky, this 12th day of March, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:


Executive Director

AFFIDAVIT

COMMONWEALTH OF KENTUCKY)

) S.S.

COUNTY OF FRANKLIN)

The Affiant, E. Scott Smith, being duly sworn, states the following:

1. I am the manager of the Office of Pipeline Safety/Gas Safety Branch of the Engineering Division of the Public Service Commission of Kentucky ("Commission") and have held this position since 1977.

2. On August 23, 1989, the Commission received several written complaints from persons served by the gas distribution system known as "Johns Creek Gas and Water Company." A copy of these complaints are attached hereto.

3. In response to these complaints, I telephoned Betty Music, the owner of record for the Johns Creek system, in late August 1989 and advised her of these complaints.

4. During our telephone conversation, Ms. Music identified herself as Betty Music and acknowledged ownership of the Johns Creek system. She stated that she considered persons served by that system as her customers. She also stated that since 1978 she has not seen the Johns Creek system, performed any repairs or

maintenance on it or been personally involved in its operation, and is not aware of its current condition.

5. Since my telephone conversation with Ms. Music in August 1989, I have learned that Ms. Music is now living at 569 Delzan Place, Lexington, Kentucky under the name of "Betty Hampton."

FURTHER THE AFFIANT SAYETH NOT

E. Scott Smith
E. Scott Smith

Subscribed and sworn to before me by E. Scott Smith this
8th day of March, 1990.

Mary Frances Batard
Notary Public

My Commission Expires: Nov. 30, 1992

August 19, 1989

Kentucky Public Commission
Frankfort, Ky.

Att: Mr. Forrest Skaggs
Executive Dir.

FILED

AUG 23 1989

**PUBLIC SERVICE
COMMISSION**

Mr. Skaggs:


On March 27, 1979 a hearing was held by the Public Service Commission concerning the Johns Creek Gas and Water Company's lack of service to the customers in the Mountain Springs Subdivision. This hearing (case # 7037) sat several conditions for the company which were never met.

On Feb. 27, 1979 the customers at the Mountain Springs Subdivision were advised that gas service to the seven residences would be terminated if the account was not paid. A copy of this letter is inclosed. At that time I assumed the responsibility of reading the meters and collecting the gas fees due Columbia Gas. This situation has existed for over 10 years now.

The gas system at Mountain Springs has had no maintenance in this period of time and is in poor condition. There is one leak sealed with electrical tape.

We have been advised by Mr. Donald M. Clark, Marketing Representative for Columbia Gas that Columbia will be revising a line in the Mountain Springs Subdivision this month and they could serve these customers directly. They could pickup one new customer in the subdivision. We would like to request that Columbia Gas pickup as new customers the homes served by Johns Creek Gas and Water with individually metered services.

Thank you.


Kenneth Robinson
HC 70 Box 490
Van Lear, Ky. 41265
(506) 789-8669

August 18, 1979

Mr. Forrest Shaggs,
Executive Director
Kentucky Public Commission
Frankfort, Ky.

Commissioner Shaggs,

The following Mountain Springs Subdivision customers of the Johns Creek Gas and Water Co. would like to request direct gas service from Columbia Gas of Ky.. Johns Creek Gas and Water has not provided any service to its customers and has met no conditions set forth in a Public Service Commission hearing (case # 7037) on March 27, 1978. Since February 27, 1979 we have had to read our own meters and pay Columbia Gas directly to maintain our gas service. If we can be released from the Johns Creek Gas and Water and be declared as new customers to Columbia we have been advised by Mr. Donald M. Clark, Marketing Representative for Columbia that we can be picked up this month during revision of their line in the Mountain Springs Subdivision.

One resident Mr. Charles Clevenger has moved and his house is for sale. We feel this home should be included.
The house belonging to Gary Burns shown on the Feb. 27, 1979 letter now is owned by Agnes Webb.

Fenneth Robinson
Fenneth Robinson

Agnes Webb *Agnes Webb*

Eyvind Brown
Eyvind Brown

Charles Clevenger

Gary Castle
Gary Castle

Leon Rosiek *Leon Rosiek*

Dorothy Music

ATTACHMENT 2 TO AFFIDAVIT OF
E. SCOTT SMITH

August 08, 1989

Mr. Forrest Skaggs
Executive Director
Kentucky Public Service Commission
Frankfort, Kentucky

Dear Commissioner Skaggs:

I am writing in reference to the plans of Columbia Gas of Kentucky to relocate the gas main which services the residents of the Mountain Springs Gas Company of Auxier, Kentucky.

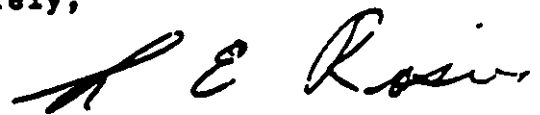
In light of the ongoing litigation between these two companies, and the continual neglect of the utility to maintain lines, take readings, and fulfill it's financial obligations with the wholesale distributor, I am requesting the commission authorize Columbia Gas to assume franchise responsibilities. For the past 15 years one of our residents has been forced to assume the role of operating the Mountain Springs meters in our neighborhood in order to prevent loss of service to our homes.

In order to assure continued service to our homes, I am requesting, by means of this letter, that individual metered service be installed by Columbia Gas Company as a part of the new line in order to assure service for the upcoming winter months.

I would appreciate your most expeditious consideration of the request as the line is , to my understanding, to be installed soon. Your every consideration will be greatly appreciated to resolving this situation,

ATTACHMENT 3 TO AFFIDAVIT OF
E. SCOTT SMITH

Sincerely,



AFFIDAVIT

COMMONWEALTH OF KENTUCKY)

) S.S.

COUNTY OF FRANKLIN)

The Affiant, Earl H. Alderman, Jr., being duly sworn, states as follow:

1. I am a utility and regulatory safety investigator with the Office of Pipeline Safety/Gas Safety Branch of the Engineering Division of the Public Service Commission of Kentucky ("Commission") and have been so since November 1, 1986.

2. Prior to my current position, I was employed by the Morehead Utility Plant Board for 15 years, the last 5 years as its superintendent.

3. I have received training on gas pipeline safety at the Transportation Safety Institute which is operated by the United States Department of Transportation.

4. As a utility and regulatory safety investigator, my principal duty is to inspect gas utilities to ensure their compliance with Commission rules and regulations. Such inspections include a review of a utility's records and a physical inspection of its facilities. Since becoming an employee of the Commission, I have performed over 100 utility inspections.

5. On September 22, 1989, I conducted an inspection of a gas distribution system which is known as "Johns Creek Gas and Water

Company" and is located in the Mountain Springs Subdivision of Floyd County, Kentucky. My inspection followed several complaints to the Commission by persons served by the system and requesting direct service from Columbia Gas of Kentucky, Inc. ("Columbia Gas").

6. During my inspection, I met and spoke with Kenneth Robinson. Mr. Robinson stated that he was a resident of the Mountain Springs Subdivision and that he was served by the Johns Creek system. He also stated that since 1978 he had neither seen nor had any contact with Betty Music, the owner of record for the Johns Creek system. Neither Ms. Music nor anyone on her behalf had charged or collected any fees for the natural gas provided through the Johns Creek system nor had they maintained or repaired the system.

7. Mr. Robinson also stated that in 1978, after Columbia Gas threatened to discontinue service to the Johns Creek system if its bills were not paid, he assumed responsibility for collecting payments from all persons on the system to ensure continued gas service. He stated that he has been collecting these payments since that time. He emphasized that he did not collect these payments on Ms. Music's behalf.

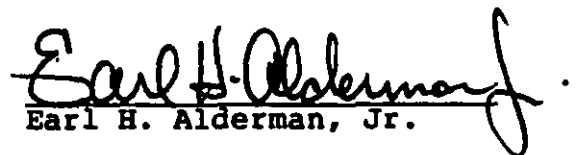
8. Mr. Robinson also stated that, with one exception, no maintenance has been performed on the Johns Creek system. Several years ago, one of the residents of the subdivision detected a leak in the pipeline behind his home. The residents found the leak and repaired the pipeline with electrical tape. Such repair is improper and is contrary to Commission Regulation 807 KAR 5:022, Section 14(2)(b).

9. In addition to the improperly repaired pipeline, my inspection discovered aboveground plastic pipeline in violation of Commission Regulation 807 KAR 5:022, Section 9(13)(a).

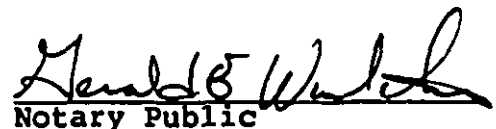
10. After returning from my inspection, I prepared a written report on it. A copy of this inspection report is attached hereto and is incorporated by reference into and made a part of this affidavit.

11. Based on my observations during the inspection and my experience as a utility and regulatory safety investigator, I am of the opinion that the Johns Creek system poses an immediate safety hazard and should be closed.

FURTHER THE AFFIANT SAYETH NOT


Earl H. Alderman, Jr.

Subscribed and sworn to before me by Earl H. Alderman, Jr.
this 5th day of March, 1990.


Notary Public

My Commission Expires: 22 February 1994

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

COMPREHENSIVE INSPECTION REPORT

Johns Creek Gas & Water Co.
Floyd County

September 29, 1989

BRIEF

Johns Creek is a small gas distribution system located in Floyd County and owned by Betty Music (no current address known at this time). None of the 7 customers on this system have seen or heard from Ms. Music in the past 10 years. Recent written and telephone complaints have been received from the customers of this system concerning its safety (see Attachments 1, 2 and 3). The system was installed in the early 1970s to serve 7 customers living in the Mt. Springs Subdivision. The system consists of approximately 600' of 2" and 3/4" steel pipe and one short section of 3/4" black water pipe.

On March 27, 1978 a show cause hearing, Case No. 7037, (see Attachment 4) was held at the Commission offices in Frankfort against Johns Creek. The Commission ordered Johns Creek to (1) comply with the rules and regulations of the PSC, (2) file a copy of its tariff with the Commission, and (3) read the customers' meters at least bimonthly and bill the customers bimonthly. Johns Creek has not responded to the show cause order.

INSPECTION

On September 22, 1989 I conducted a comprehensive inspection of Johns Creek. Many deficiencies were found and are discussed in the Findings below.

FINDINGS


1. No customer refund policy, 807 KAR 5:006, Section 9.
2. No meter test cards, 807 KAR 5:006, Section 15(1).
3. No meter history cards, 807 5:006, Section 15(2).
4. No systemwide map, 807 KAR 5:006, Section 17.
5. No written welding procedures for steel pipe, 807 KAR 5:022, Section 5.
6. No written procedures for joining plastic pipe, 807 KAR 5:022, Section 6(2).
7. No standard method of meter and service line installation, 807 KAR 5:022, Section 8(2)(d).
8. Meter change-out program is not current, 807 KAR 5:022, Section 8(5).
9. Aboveground plastic pipe at the Kenneth Robinson residence, 807 KAR 5:022, Section 9(13)(a).
10. No corrosion control program on the steel portion of the system, 807 KAR 5:022, Section 10.
11. No Operating and Maintenance Plan, 807 KAR 5:022, Section 13(2)(b).
12. No established M.A.O.P. on the system, 807 KAR 5:022, Section 13(4).
13. No procedures for continuing surveillance, 807 KAR 5:022, Section 13(7).
14. No emergency plan, 807 KAR 5:022, Section 13(9).
15. No damage prevention plan, 807 KAR 5:022, Section 13(9)(c).

16. No procedures for investigation of failures, 807 KAR 5:022, Section 13(10).
17. No weekly odorization checks are being performed, 807 KAR 5:022, Section 13(17).
18. Gas leak near Castle residence repaired improperly. This leak was found by the Johns Creek customers and also had to be repaired by them. (Electrical tape was used to cover the hole in the pipe). 807 KAR 5:022, Section 14(2)(b).
19. No patrolling records, 807 KAR 5:022, Section 14(12).
20. No record of inspection of main line valves, 807 KAR 5:022, Section 14(25).

RECOMMENDATIONS

Due to the numerous deficiencies found during this inspection and the apparent neglect of the owner for the past 10 years, this system is potentially dangerous and should be shut down. This should be done as soon as the present customers on the system can find another gas company to supply them.

Respectfully submitted,


Earl H. Alderman, Jr.
Utility Investigator

EHA/ml1

Attachments

August 19, 1989

Kentucky Public Commission
Frankfort, Ky.

Att: Mr. Forrest Skaggs
Executive Dir.

FILED

AUG 23 1989

**PUBLIC SERVICE
COMMISSION**

Mr. Skaggs:

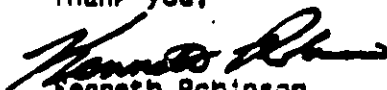
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Thank you,



Kenneth Robinson
HC 70 Box 490
Van Lear, Ky. 41265
(606) 789-8669

AUGUST 18, 1979

Mr. Forrest D. Aggs,
Executive Director
Kentucky Public Commission
Frankfort, Ky.

Commissioner Staggs.

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Agnes webb *Agnes Webb*

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Leon Rostek *L E Rostek*

Dorothy Music

August 08, 1989

Mr. Forrest Skaggs
Executive Director
Kentucky Public Service Commission
Frankfort, Kentucky

Dear Commissioner Skaggs:

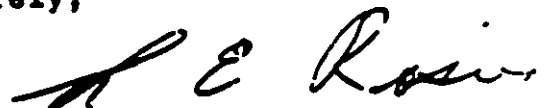
I am writing in reference to the plans of Columbia Gas of Kentucky to relocate the gas main which services the residents of the Mountain Springs Gas Company of Auxier, Kentucky.

In light of the ongoing litigation between these two companies, and the continual neglect of the utility to maintain lines, take readings, and fulfill it's financial obligations with the wholesale distributor, I am requesting the commission authorize Columbia Gas to assume franchise responsibilities. For the past 15 years one of our residents has been forced to assume the role of operating the Mountain Springs meters in our neighborhood in order to prevent loss of service to our homes.

In order to assure continued service to our homes, I am requesting, by means of this letter, that individual metered service be installed by Columbia Gas Company as a part of the new line in order to assure service for the upcoming winter months.

I would appreciate your most expeditious consideration of the request as the line is , to my understanding, to be installed soon. Your every consideration will be greatly appreciated to resolving this situation,

Sincerely,



BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

* * * * *

In the Matter of

THE COMPLAINT OF KENNETH ROBINSON,)
ET AL AGAINST THE JOHNS CREEK GAS) CASE NO. 7037
AND WATER COMPANY)

ORDER

On the 27th day of March, 1978, a show cause hearing in the above-styled matter was held at the Commission's offices in Frankfort, Kentucky. -Ms. Betty Music, owner of Johns Creek Gas and Water Company, appeared at the hearing as a witness for the Company.

The Commission having considered the matter and being advised is of the opinion and FINDS:

That the Johns Creek Gas and Water Company sells natural gas to or for the public for compensation and is, therefore, a utility as defined by KRS 278.010(3)(b), and therefore is subjected to the rules and regulations of this Commission.

That the Johns Creek Gas and Water Company purchases wholesale natural gas from Columbia Gas of Kentucky, Incorporated, through a master meter and distributes to the customers of Johns Creek Gas and Water Company through individual domestic meters.

That meter reading and customer billing is not performed pursuant to any regular schedule.

That Johns Creek Gas and Water Company does not have on file with the Public Service Commission a tariff showing rates charged per MCF to its customers.

IT IS THEREFORE ORDERED that Johns Creek Gas and Water Company having been found to be a utility as defined by KRS 278.010(3), shall comply with the rules and regulations of the Public Service Commission of Kentucky.

IT IS FURTHER ORDERED that Johns Creek Gas and Water Company shall file a copy of its current tariff with this Commission pursuant to the provisions of KRS 278.160.

IT IS FURTHER ORDERED that Johns Creek Gas and Water Company shall read customer meters at least bi-monthly and shall bill customers at least bi-monthly.

IT IS FURTHER ORDERED that should Johns Creek Gas and Water Company fail to comply with any part of this Order, each day of willful failure shall constitute a separate offense and a penalty not to exceed \$100 per offense shall be assessed against said Company, and the procedures authorized by KRS 278.990(1) providing for imprisonment of any officer or agent or employee of the Company shall be instituted by the Commission.

Done at Frankfort, Kentucky, this 17th day of May, 1978.

By the Commission

ATTEST:

Richard D. Lemmon
Secretary

AFFIDAVIT

COMMONWEALTH OF KENTUCKY)

) S.S.

COUNTY OF FRANKLIN)

The Affiant, Larry L. Amburgey, being duly sworn, states as follows:

1. I am a chief utility and regulatory safety investigator with the Office of Pipeline Safety/Gas Safety Branch of the Engineering Division of the Public Service Commission of Kentucky ("Commission") and have served as an investigator since December 1972.

2. On February 14, 1990, I received a telephone call from Kenneth Robinson. Mr. Robinson stated that he is served by the gas distribution system known as "Johns Creek Gas and Water Company" and that he collects money from other persons served by the Johns Creek system to pay its wholesale gas bill to Columbia Gas of Kentucky, Inc.

3. Mr. Robinson further stated that the system's general condition is deteriorating and that additional gas leaks have been discovered since the Commission Staff's inspection on September 22, 1989.

4. Mr. Robinson also stated that it is becoming increasingly difficult to collect sufficient monies from the other persons served by the Johns Creek system to pay Columbia Gas of Kentucky, Inc. for natural gas.

FURTHER THE AFFIANT SAYETH NOT

Larry L. Amburgey
Larry L. Amburgey

Subscribed and sworn to before me by Larry L. Amburgey this
5th day of March, 1990.

M. H. O. W. W. W.
Notary Public

My Commission Expires: 22 February 1994